

2007 State of the State Address

Governor Donald L. Carcieri

January 30, 2007

Mr. Speaker, Mr. President, members of the General Assembly, my fellow General Officers, members of the Judiciary, First Lady, Sue Carcieri, distinguished guests, and my fellow Rhode Islanders.

Let me say at the outset to all Rhode Islanders, how honored, and humbled I am to be your governor! Please know that I consider it a sacred trust, and desire only to use all my strength to serve you.

When I stood before you four years ago, I pointed to the many challenges we needed to overcome to make Rhode Island “the jewel of New England.” Like you, I knew that changing the direction of our state would take time, patience and untiring effort. Like a tanker at sea, the course could not be changed quickly. But once turned, the ship of state would be equally hard to turn back.

I am pleased to say tonight, that with much effort from everyone, the Rhode Island “ship of state” is turning and heading in a new and exciting direction. Steady as she goes!

None of this could have been accomplished without the support of the General Assembly, or of the people of Rhode Island. And I thank you all for your help.

Over the last four years, we have started to trace the outlines of the Rhode Island that lives up to its potential, where our children and grandchildren will be proud to call home. I have a vision of that Rhode Island!

A Rhode Island that is growing economically, seen as a center of finance, life-sciences, ocean research and marine trades, advanced technology for our nation’s defense, and world-class manufacturing. Where small businesses can grow and prosper.

A Rhode Island with safe and thriving cities that are centers of culture, entertainment, commerce and education. Where our citizens are drawn to live.

A Rhode Island with a clean bay and rivers, clean air, beaches open all summer, open-space preserved for future generations, farmlands still being worked, historic treasures being preserved.

A Rhode Island with a first-rate transportation infrastructure that includes new bridges, new highways, a world-class inter-modal center at Green Airport, commuter rail extending to South County, and an efficient, cost-effective mass transit system.

A Rhode Island where renewable energy sources, like wind, water and solar power substantially reduce our dependence on oil and natural gas, and provide our citizens and businesses with a stable price and supply.

A Rhode Island that is a national leader in high-quality, affordable health care, that is available to all our citizens, and a model for innovative design. Where community health care providers are all linked electronically to save time and money, and to provide better care.

A Rhode Island that is encouraging increased housing with public and private incentives, so that our citizens can aspire to a decent home for themselves and their families.

A Rhode Island that is known as an educational leader, whose children are among the best prepared in the nation, and whose institutions of higher education are flourishing with new investments and more students.

A Rhode Island with a government that is honest, ethical and open – one that provides services efficiently and cost effectively and whose burden on its taxpaying citizens is lower.

A Rhode Island that is living within its means, just as all of you must!

Ladies and gentlemen, all of you watching this evening – all of this is happening now! Everything I've described is underway! Is it complete? No!

Last year, we finally delivered the tax relief necessary to propel Rhode Island's economy forward.

We cut the state income tax for the first time in a decade. We continued to phase-out the car tax, the inventory tax and the capital gains tax. We cut property taxes for seniors and persons with disabilities. And we capped local property tax increases.

We are being recognized nationally for these efforts.

The Wall Street Journal noted that we passed "one of the most sweeping pro-growth tax reforms in any state in recent years."

On health care, I proposed and the General Assembly last year approved a major reform for small businesses and self-employed individuals. The new Well Care insurance product that will be offered by Blue Cross and United will reduce the cost of health insurance by 20%.

But redesigning health insurance products to lower prices is only the first step. We also began taking the steps necessary to reduce the underlying costs of health care.

The General Assembly approved my plan to invest \$20M in the creation of an electronic health record exchange. By using electronics instead of paper and manila folders, this system will reduce costs for health care providers and consumers, while increasing the quality of care being delivered. It's a two-fer!!

Safeguarding Rhode Island's natural resources is a critical part of providing for the state's future economic prosperity. One of our best selling points is our natural beauty.

Over the last four years, we have taken a number of steps to protect Narragansett Bay, our heart and soul. At my request, Governor Garrahy spearheaded the creation of a Comprehensive Bay Plan.

And, in 2004, the citizens of Rhode Island approved \$70M in bond funding to reduce pollution. While this plan is already improving the health of the Bay, we must be able to measure those improvements and to continue them in the future.

To that end, my budget will once again include \$1M for Bay monitoring and coordination. And, I also propose the largest environmental bond in history, \$85M to continue this clean-up of the Bay. I urge the General Assembly to approve these efforts.

Over the last four years, Rhode Island has been a national leader on efforts to increase renewable energy and to reduce greenhouse gas emissions.

Two years ago, I directed the state to adopt California's tough new standards for auto emissions. I also signed two executive orders requiring all new state vehicles be powered by alternative fuels, or hybrid electric generators, and promoting greater energy efficiency in how we construct and maintain our state buildings.

More recently, I set a goal of providing 20% of the state's electricity needs through renewable sources of energy, including wind, water and solar power. And I determined that we should meet that goal by 2011.

In the coming weeks, we will announce the results of a study to determine the best sites for wind turbines. Let me just say that this goal is achievable – wind power holds exciting potential for our energy needs.

(As an aside – there's absolutely no truth to the rumor that one of the best wind sites was this building!)

These efforts will help us significantly reduce our dependence on fossil fuels and cut our production of greenhouse gases, while ensuring that Rhode Island has adequate supplies of affordable energy.

To ensure that Rhode Island consumers are the primary beneficiaries of the renewable energy we produce, I am proposing the formation of a new Rhode Island Power Authority.

As we develop wind and hydro power, especially on state-owned land, we will use the Authority to manage this power for the state's benefit. The Authority will also be able to sell low-cost energy for economic development and low-income assistance.

Despite these achievements, I also recognize that we are part of a larger region. A number of our neighboring states have signed onto a compact designed to limit carbon dioxide emissions. As the Regional Greenhouse Gas Initiative moves forward among the Northeast states, Rhode Island will be joining the effort!

Rhode Island can boast some of the lowest greenhouse gas emissions of any state in our region. This agreement represents a commitment by neighboring states to follow our example.

While I am still concerned about how this agreement will impact the cost of energy in Rhode Island, I have been assured that those costs can be offset by credits we will receive from other states.

In order for our economy to continue growing, we must provide the proper infrastructure. In particular, an abundant water supply is critical to our state's development.

The simple fact is that Rhode Island has plenty of water. But we're not pumping it as needed.

Today, Rhode Island's water is controlled by scores of different boards across the state. I know that the Senate is studying a plan to better coordinate these boards. I would support one statewide body empowered to oversee our water resources.

We have a comprehensive, statewide water resources plan. As part of that plan, we must begin to responsibly tap the water resources available in the Big River Reservoir area. This area of our state was set aside in statute as a source of water, and it needs to be accessed now!

Moving aggressively forward on this plan will help ensure the continuation of economic development in Kent County and Quonset at environmentally sustainable levels.

Like water, a good transportation infrastructure is key to attracting jobs and helping businesses grow. Over the last four years, we have dramatically accelerated the completion of a number of critical highway projects, including the relocation of I-195.

I believe we must build on that achievement by investing additional monies into our roads and bridges. For too long, our highway program has suffered from under-funding. 60% of our bridges need major repair and more than 20% of our roads are in poor condition. That is why I propose a bold new \$70M highway investment plan. We will fund this effort with a one-time source of funds that can only be used for capital projects. My budget will outline this effort in detail.

Improving the infrastructure is critical to maintaining our quality of life and to attracting new businesses.

If the vision of Rhode Island that I've described is to continue to unfold and blossom, there are three overarching challenges:

1. Reducing our governmental expenditures – both state and local – to a level that is sustainable, and balanced with our revenue growth,
2. Accelerating the economic growth we have achieved, and
3. Substantially improving our students educational achievement.

Let me take a moment to talk about the elephant in the room – the budget. Tomorrow, you will receive my proposed Budget for 2008, along with revisions to the 2007 budget. This has been the most difficult budget since I took office.

The combined, two year projected excess of expenditures over revenues was almost \$360M.

As in recent years, Rhode Island is benefiting from continued growth in revenues. However, each year our appetite to spend exceeds our resources.

Every family watching tonight knows that if they're only getting a 2% pay raise this year, they can't spend 9% more! The state is no different!

Balancing this budget will require sacrifices everywhere. We must further reform our entitlements, demand more cost-effective services from our vendors, develop new service models, and reduce our personnel costs. In short, we must reduce our spending!

No state can prosper without a growing economy! Without growing employment, increasing wages, and improved profits, tax revenues cannot grow. Between 2002 and 2006, Rhode Island ranked second in private-sector job growth among all New England states.

And we ranked first in job creation since the end of the national recession in 2001. This slowed considerably in the last year – but ebbs and flows are inevitable.

Our per-capita income is among the fastest growing, and our median family income is \$61,000, the 11th highest in the nation.

In recent years, we have developed an aggressive strategy to create an innovation economy that will grow higher wage jobs, and help provide a better quality of life for all Rhode Islanders.

Last year, the General Assembly joined with me and the Science and Technology Advisory Council to invest \$1.5M in collaborative research. This research will support our economic development strategy.

A major economic development success this past year was the move of Alexion.

With us tonight is Jim Rich. Jim is the Site Director for Alexion Pharmaceuticals in Smithfield. The company moved to Rhode Island from Connecticut when they purchased the former Dow Manufacturing facility in Smithfield. They will begin operations in the spring of 2008, and just received FDA approval to produce Soloris, which will treat a very rare blood disorder. Initially, they will employ 80 people. Join me in welcoming Jim and this wonderful addition to our biotech community.

There has been a great deal of conversation about Quonset lately. Eclipsed in that debate is some exciting news about developments happening inside the park:

- There are more than 150 companies located at Quonset, with nearly 8,000 employees
- In 2006, Quonset saw \$26M in expansions and job growth. The new, world-class manufacturing facility built by Hexagon/Brown & Sharpe was a major addition to the Park

A recent exciting announcement is that NOAA is evaluating Quonset as the home port for the nation's first ocean exploration ship, the Okeanos Explorer.

Combined with the Graduate School of Oceanography, its research ship, the Endeavor - and the Inner Space Center – the Ocean State will become the nation's leading center for ocean research. This will bring more jobs and investment to Rhode Island.

Economic development will be an untiring, and relentless focus of my administration.

Lastly, as I said in my Inaugural Address, education reform is the foundation for our future. I want Rhode Island to be the Education State. We must prepare Rhode Island's children to compete in the workplace, and competition will be stiff.

The good news is that we are beginning to see real progress. Earlier today, I announced the results of the second round of statewide testing. I'm pleased to report that student performance in reading increased in all 6 grades tested, while math scores were up in 5 grades.

In other words, we are finally beginning to close the education gap. Over the last four years, we have laid the foundation for this success.

Today there is a heightened sense of urgency! We need students to do more, parents to do more, teachers to do more, and schools, and school boards, and cities and towns to do more. And the state needs to drive this effort on a new, more coordinated basis.

To do so, tonight, I am announcing that I, along with House Speaker Murphy and Senate President Montalbano, and members of the house and senate will be working together to formulate "Rhode Island's "21st Century Education Plan"!

Working on this plan will be representation from the legislature, education leaders at all levels, local government, school boards, labor, teachers, parents, and business leaders.

Ten years ago, the executive and legislative branches worked together, and cooperated to create a comprehensive education strategy focused on expectations and accountability, an initiative that gave us School Accountability for Learning and Teaching (SALT), Progressive Support and Intervention, and new funding strategies through Article 31.

Ten years later, it is time to take bold new steps to make Rhode Island an education leader.

Initially, the 21st Century Education Plan will focus on three areas: financing, educator quality and compensation, and our urban challenges. All with the goal of improving student achievement.

1) Financing

Together we need to affirm our commitment to education and provide the resources we need to prepare our children for success. ***This year in my budget, while we are making major reductions in many areas, we are adding an additional \$46M to support elementary and secondary education.***

Even with this aid, I know that cities and towns will still face tremendous pressure to hold the line on property taxes.

But we need to be smarter about how we spend our money. We need to analyze what expenses are more cost-effective if financed or administered at the state level such as: school supplies, transportation, health insurance, etc. I would even consider a state-wide teacher contract!

We must also re-examine our whole approach to Special Education and find more cost-effective solutions. Special education programs cost more than twice average per pupil cost - \$32,000 each. To compound this problem, 19% of Rhode Island students are enrolled in Special Education, the highest percentage in the nation! We must make this system less costly, more flexible, and more responsive to the needs of our students.

We also need a predictable and fair funding formula that recognizes the needs of all districts statewide.

I support the General Assembly's efforts to create a funding formula that is equitable to both urban and suburban communities.

And we need to look at governance issues. I support the traditional role of local government in New England – and the ability of any citizen to be heard in their town hall.

However, we need to take a serious look at the possible benefits of collaboration or regionalization. We can eliminate duplicate overhead costs and spend that money on student achievement, we should!! 36 school districts in our small state is too many. In the end, we need to do what's best for our students.

2) Educator Quality and Compensation

Good teachers will produce good students!

We have high expectations of our teachers – we have placed in them our trust to educate our children – so let's make sure that they get the support they need.

And, we have some outstanding ones. Here tonight is one of our best – Rhode Island's 2007 Teacher of the Year, Catherine Davis Hayes. Catherine is a visual-arts teacher at Oakland Beach Elementary in Warwick. She has been teaching at Oakland Beach for 11 years and was instrumental in transforming this school into a Smart School – a school that places the arts at the center of the curriculum.

Please join me in recognizing her dedication – and that of all of our teachers.

As we continue to make improvements in content standards and curriculum – we need to improve our teacher training and support.

Teachers are increasingly being asked to teach courses they have never been fully trained to teach - whether it's Physics First or Chicago Mathematics.

We need to assure that our teachers are proficient in the subject matter they are teaching.

And, once teachers leave college, they are often left to fend for themselves to manage the classroom and their other professional demands. We must support new teachers from day one – and continue with the necessary mentoring.

Also, because of contract bumping rules –the least experienced teachers are too often assigned to the neediest students and classrooms – rather than our most seasoned teachers. This gets us nowhere.

Working with labor, we must develop a system to evaluate teacher performance, develop improvement plans, and reward teachers who excel. We need to have our best teachers working where the needs are highest – being rewarded for their efforts.

We also need to improve our training and support for our administrators, principals and superintendents, and begin recruiting and training the future leaders of tomorrow.

3) Urban Schools

Reforming Rhode Island's urban schools will be our biggest challenge. Our suburban and rural schools compete well with those in other states. But too many youngsters in our urban schools are way behind the others.

Rhode Island has a unique set of challenges in our urban systems. First and foremost are our English language learners.

For nearly all of us, our fathers, grandfathers or great grandfathers came to Rhode Island as immigrants. But they came here legally – seeking work and a better life. And they became citizens! They learned English! That's the way it should be!

Rhode Island has the 7th highest percentage of students who are learning to speak English in the nation. Unfortunately, the weight of this falls heavily on our urban centers, and their schools.

We need these children to learn to read, write, and speak English much faster! If they cannot achieve this by third grade, they are doomed to fall farther behind.

Ensuring success will take creativity, cooperation, and focus. Today, different districts use different teaching methods. I believe we must determine which works best, devise one curriculum, and concentrate all our resources in achieving the best possible results.

I, for one, am convinced that, in most cases, total immersion is the fastest way to get youngsters to learn English.

To help urban students, we must also lift the moratorium on new charter schools. Charter schools are getting good results. In fact, the proficiency scores of most of the urban charter schools are substantially higher than their district averages.

They are doing it with the same kids, for the same money!! We owe it to these children to provide that opportunity.

For too long, the Central Falls school district has struggled. Tonight, I am requesting that the University of Rhode Island and the Central Falls school district partner to develop an Urban Academy at Central Falls High School. Bringing the University's prestige and resources to partner with the high school will be a wonderful boost to the teachers, students, and administrators.

I want to thank Acting Central Falls Superintendent Bill Holland and URI President Carothers for spearheading this initiative.

With concentration in these three areas, I believe the new 21st Century Education Plan will propel our children's educational attainment.

In the coming weeks, the Speaker, Senate President, and I will be announcing the leadership teams for each of the three areas I discussed this evening.

In closing, I have tried to paint a picture of a state that is progressing well, but with challenges before it!

Too often we get caught up in what's wrong and the problems we have.

Our parents, grandparents, and great-grandparents had even greater problems! Read the history of this great state and nation.

But God gave us the ability to solve all these problems. I firmly believe that if people of goodwill and without prejudice come together for the common good, all problems become opportunities.

Let me finish tonight by putting all these problems into perspective.

There's one group of Rhode Islanders carrying much more than their share of problems, and they're carrying them for us – the men and women serving in our armed forces in Iraq and Afghanistan. We all want them home safely, as soon as possible!

Please join me in thanking two of their representatives here tonight, Lt. Col. Kathleen Sullivan, and Lt. Col. John Sullivan, pilots for the Air National Guard. They also happened to be married to each other.

Both flew combat missions in Iraq and Afghanistan, as well as the Horn of Africa on 60 day tours. They would get three days together while swapping out crews and planes in Qatar.

Their children in Rhode Island would be cared for by Kathleen's parents. Her father is the former Adjutant General of Rhode Island, Brigadier General Richard Hart. They served active duty for two years, returning to Rhode Island this past December. Kathleen's brother, Major Rick Hart, is also a pilot with the 143rd Airlift Wing, who was also deployed for this mission.

Please join me in thanking the Lt. Col. Sullivan's Kathleen and John, and the Hart family as well, for their dedicated service to our county.

In their honor, and all their compatriots, let's all stand and conclude with ***God Bless America***.

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